

Message Text

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SUBJ: JAPANESE RESPONSE TO BRITISH COMPLAINTS ON AUTOMOBILES

REF: EC BRUSSELS 8579

1. THE EC COMMISSION HAS BEEN WATCHING WITH INTEREST AND SOME CONCERN THE BRITISH ATTEMPTS TO OBTAIN COMMITMENTS BY THE JAPANESE GOVERNMENT TO RESTRAIN EXPORTS OF AUTOMOBILES TO THE UK. THE COMMISSION HAS BEEN AWARE OF THE PRESSURES ON THE BRITISH GOVERNMENT TO IMPOSE GENERALIZED IMPORT RESTRICTIONS AND REGARDS BRITISH ACTIVITIES OF A LESS FORMAL NATURE AS PREFERABLE TO QUOTAS. HOWEVER, THE COMMISSION INFORMALLY WARNED THE BRITISH GOVERNMENT ABOUT NEGOTIATING UNILATERALLY WITH JAPAN.

2. IN THE ABSENCE OF REPORTS FROM THE EC COMMISSION OFFICE IN TOKYO OR FROM THE BRITISH GOVERNMENT (SHORE LEFT TOKYO WITHOUT BRIEFING OTHER COMMUNITY OFFICIALS THERE), MEYNELL AND KRENZLER, THE SENIOR EC COMMISSION OFFICIALS CONCERNED WITH RELATIONS WITH JAPAN, VISITED LONDON
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SEPTEMBER 29. THEY DISCUSSED THE PROSPECTS FOR BRITISH

IMPORT RESTRICTIONS, AS WELL AS WHAT HAD BEEN ACCOMPLISHED IN THE SHORE TRIP TO TOKYO, WITH OFFICIALS IN THE FOREIGN OFFICE AND THE DEPARTMENT OF TRADE, INCLUDING SOME WHO HAD ACCOMPANIED SHORE.

3. KRENZLER SAYS THAT HE AND MEYNELL RETURNED ENCOURAGED BY THE ASSURANCES THEY RECEIVED FROM THEIR BRITISH INTERLOCUTORS ON THE UNLIKELIHOOD OF THE UK IMPOSING LEGAL IMPORT RESTRICTIONS AT THIS TIME OR IN THE FORESEEABLE FUTURE. KRENZLER NOTES, HOWEVER, THAT WITH THE LABOR PARTY CONGRESS STILL IN PROGRESS SUCH ASSURANCES AS WERE RECEIVED FROM THE BRITISH BUREAUCRACY COULD BE INVALIDATED BY POLITICAL PRESSURE.

4. THE BRITISH OFFICIALS ASSERTED THAT SHORE HAD NOT REQUESTED A FORMAL VOLUNTARY RESTRAINT AGREEMENT ON JAPANESE AUTO EXPORTS TO THE UK APPARENTLY BECAUSE THE BRITISH GOVERNMENT REALIZED THAT THE JAPANESE GOVERNMENT WOULD NOT AGREE TO SUCH AN AGREEMENT. IN ANY EVENT, THE JAPANESE DID NOT OFFER A VOLUNTARY RESTRAINT AGREEMENT TO THE UK, AND KRENZLER NOTES THIS IS CONSISTENT WITH THE JAPANESE GOVERNMENT'S APPARENT OPPOSITION TO ANY FURTHER SUCH AGREEMENTS. HOWEVER, THE BRITISH OFFICIALS DID COME AWAY WITH THE FEELING THAT THE JAPANESE GOVERNMENT MIGHT GIVE SOME "ADMINISTRATIVE GUIDANCE" TO THE JAPANESE AUTOMOBILE INDUSTRY WITH THE INTENTION OF "SMOOTHING OUT" THE FLOW OF JAPANESE CARS TO GREAT BRITAIN. AS KRENZLER NOTED IN THE EARLIER CASE OF THE EC/JAPAN DISCUSSIONS OF STEEL (REFTEL), IT IS HARD TO JUDGE WHAT SUCH A VAGUE UNDERSTANDING WILL ACHIEVE. IT WILL TAKE SOME MONTHS TO SEE WHETHER TRADE PATTERNS ARE CHANGING, AND EVEN THEN IT WILL NOT BE CERTAIN THAT THE SUPPOSED "ADMINISTRATIVE GUIDANCE" IS THE CAUSE OF ANY CHANGE. GREENWALD

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